



**IT IS ORDERED as set forth below:**

**Date: July 19, 2016**

**Paul W. Bonapfel**  
**U.S. Bankruptcy Court Judge**

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UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

IN RE:	:	CHAPTER 7
	:	
HP/SUPERIOR, INC.	:	CASE NO. 14-71797 - PWB
	:	
Debtor.	:	

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IN RE:	:	CHAPTER 7
	:	
SUPERIOR HEALTHCARE INVESTORS, INC.,	:	CASE NO. 15-50439 - PWB
	:	
Debtor.	:	

**ORDER APPROVING SETTLEMENT AGREEMENT**

On June 17, 2016, S. Gregory Hays, as Chapter 7 Trustee (“**Trustee Hays**”) for the bankruptcy estate (the “**HP/Superior Bankruptcy Estate**”) of HP/Superior, Inc. (“**HP/Superior**”), filed his *Motion for Order: (A) Authorizing Settlement Between Trustee, CSE Mortgage, LLC, and the Chapter 7 Trustee for the Bankruptcy Estate of Superior Healthcare Investors, Inc. under Federal Rules of Bankruptcy Procedure Rule 9019; (B) Establishing the*

*Extent and Priority of the Security Interest of CSE Mortgage, LLC in Accordance with the Proposed Settlement; (C) Compelling Scroggins & Williamson, P.C. to Turn Over Property of the Estate; (D) Authorizing the Chapter 7 Trustee for the Bankruptcy Estate of Superior Healthcare Investors, Inc. to Turn Over Property to Trustee; and (E) Authorizing Trustee to Make Certain Distributions of Property of the Estate in Accordance with the Proposed Settlement* [Doc. No. 201; Case No. 14-71797-PWB] (the “**HP/Superior Settlement Motion**”).<sup>1</sup>

In the HP/Superior Settlement Motion, Trustee Hays requests, *inter alia*, that the Court approve a Settlement Agreement (the “**Settlement Agreement**”) between Trustee Hays, CSE Mortgage LLC (“**CSE Mortgage**”), and Cathy L. Scarver, as Chapter 7 Trustee (“**Trustee Scarver**”) for the bankruptcy estate (the “**SHI Bankruptcy Estate**”) of Superior Healthcare Investors, Inc. (“**SHI**”) and make certain findings related to the extent, validity, and priority of CSE Mortgage’s asserted lien rights.

On June 17, 2016, Trustee Hays filed a notice of hearing [Doc. No. 202; Case No. 14-71797-PWB] (the “**HP/Superior Notice**”) noticing a hearing on the HP/Superior Settlement Motion on July 12, 2016 at 10:00 a.m. (Eastern) (the “**HP/Superior Hearing**”).

On June 19, 2016, Trustee Scarver filed her *Motion for Order: (A) Authorizing Settlement Between Trustee, CSE Mortgage, LLC, and the Chapter 7 Trustee for the Bankruptcy Estate of HP/Superior, Inc. under Federal Rules of Bankruptcy Procedure Rule 9019; (B) Establishing the Extent and Priority of the Security Interest of CSE Mortgage, LLC in Accordance with the Proposed Settlement; (C) Compelling Scroggins & Williamson, P.C. to Turn Over Property of*

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<sup>1</sup> Capitalized terms not defined in this Order shall have the meanings ascribed to them in the HP/Superior Settlement Motion [Doc. No. 201].

*the Estate; (D) Modifying the Automatic Stay for CSE Mortgage, LLC to Exercise its Rights and Remedies under the SHI Assignment of Leases and Rents in Accordance with the Proposed Settlement; (E) Authorizing the Chapter 7 Trustee to Turn Over Property to the Chapter 7 Trustee for the Bankruptcy Estate of HP/Superior, Inc. in Accordance with the Proposed Settlement; and (F) Authorizing Trustee to Make Certain Distributions of Property of the Estate in Accordance with the Proposed Settlement* [Doc. No. 172; Case No. 15-50439-PWB] (the “**SHI Settlement Motion**” and collectively with the HP/Superior Settlement Motion, the “**Settlement Motions**”). In the SHI Settlement Motion, Trustee Scarver requests, *inter alia*, that the Court approve the Settlement Agreement and make certain findings related to the extent, validity, and priority of CSE Mortgage’s asserted lien rights.

On June 19, 2016, Trustee Scarver filed a notice of hearing [Doc. No. 172; Case No. 15-50439-PWB] (the “**SHI Notice**”) noticing a hearing on the SHI Settlement Motion on July 12, 2016 at 10:00 a.m. (Eastern) (the “**SHI Hearing**” and collectively with the HP/Superior Hearing, the “**Hearing**”).

Counsel for Trustee Hays filed a certificate of service, in which he represents that he served the HP/Superior Notice on all requisite creditors and parties in interest. [Doc. No. 203; Case No. 14-71797-PWB]. Counsel for Trustee Scarver filed certificates of service, in which she represents that she served the SHI Notice on all requisite creditors and parties in interest. [Doc. Nos. 172 and 174; Case No. 15-50439-PWB].

No creditor or party in interest filed an objection to the relief requested in the Settlement Motions. Counsel for Trustee Hays, counsel for Trustee Scarver, counsel for CSE Mortgage, and counsel for HP/Superior appeared at the Hearing. No creditor or party in interest appeared at the Hearing to oppose the relief requested in the Settlement Motions.

The Court having considered the Settlement Motions and the entire record in the bankruptcy cases of HP/Superior and SHI, and for good cause shown and based on the presentations of counsel for Trustee Hays, Trustee Scarver, and CSE Mortgage at the Hearing, it is hereby

**FOUND** and **DETERMINED** that the Settlement Agreement is in the best interests of the HP/Superior Bankruptcy Estate and its creditors and the SHI Bankruptcy Estate and its creditors. It is further

**FOUND** and **DETERMINED** that CSE Mortgage has a first priority security interest in and to the HP/Superior Sales Proceeds and the Medicaid Funds in an amount equal to \$755,677.20. It is further

**FOUND** and **DETERMINED** that CSE Mortgage has a first priority security interest in and to the SHI Sales Proceeds in an amount equal to \$707,687.83. It is further

**FOUND** and **DETERMINED** that the notice of the Settlement Motions and Hearing was appropriate under the Bankruptcy Rules and the circumstances of HP/Superior's bankruptcy case and SHI's bankruptcy case. It is further

**ORDERED** that the HP/Superior Settlement Motion and the SHI Settlement Motion are **GRANTED**. It is further

**ORDERED** that the Settlement Agreement is **APPROVED** and the terms set forth therein are incorporated herein by reference. It is further

**ORDERED** that CSE Mortgage's Proof of Claim (Claim No. 5-1; Case No. 14-71797-PWB) filed in the HP/Superior bankruptcy case is hereby amended and allowed as a first priority secured claim in the amount of \$755,677.20, without further order of the Court (the "**CSE Mortgage Allowed Claim**"). It is further

**ORDERED** that CSE Mortgage's agreement to provide the HP/Superior Bankruptcy Estate with the HP/Superior Estate Carve-Out in the amount of \$187,089.03 is **APPROVED**. It is further

**ORDERED** that CSE Mortgage's agreement to provide the SHI Bankruptcy Estate with the SHI Estate Carve-Out in the amount of \$55,000.00 is **APPROVED**. It is further

**ORDERED** that Trustee Hays is authorized and directed to make the CSE-HP/Superior Claim Payment to CSE Mortgage in the amount of \$559,889.50, consistent with the terms of the Settlement Agreement. It is further

**ORDERED** that the CSE Mortgage Allowed Claim shall be deemed satisfied once Trustee Hays makes the \$559,889.50 CSE-HP/Superior Claim Payment to CSE Mortgage required under the Settlement Agreement and this Order and once the HP/Superior Estate Carve-Out is distributed consistent with the terms of the Settlement Agreement and the Bankruptcy Code. It is further

**ORDERED** that Trustee Scarver is authorized and directed to make the CSE-SHI Claim Payment to CSE Mortgage in the amount of \$652,687.83, consistent with the terms of the Settlement Agreement. It is further

**ORDERED** that Scroggins & Williamson, P.C. is authorized and directed to transfer the HP/Superior Sales Proceeds in the amount of \$58,287.70 to Trustee Hays within five (5) days of the entry of this Order. It is further

**ORDERED** that Scroggins & Williamson, P.C. is authorized and directed to transfer the SHI Sales Proceeds in the amount of \$707,687.83 to Trustee Scarver within five (5) days of the entry of this Order.

**ORDERED** that the automatic stay in the SHI bankruptcy case is modified to the extent

necessary to allow CSE Mortgage to exercise any and all of its rights and remedies under the SHI Assignment of Leases and Rents in accordance with Section 2.12 of the Settlement Agreement. It is further

**ORDERED** that Trustee Scarver is authorized and directed to transfer to Trustee Hays the HP/Superior Funds in the approximate amount of \$1,062.83, less any bank fees, consistent with the terms of the Settlement Agreement. It is further

**ORDERED** that Trustee Hays and Trustee Scarver may take any other actions necessary to effectuate the terms of the Settlement Agreement without further order from this Court. It is further

**ORDERED** that this Court retains jurisdiction (i) to interpret, implement, and enforce this Order, (ii) to resolve any disputes regarding or concerning the Settlement Agreement, and (iii) to enter such other and further orders as may be necessary, just, or proper as an aid to enforcement or implementation of this Order.

**[END OF DOCUMENT]**

**Order prepared and presented by:**

ARNALL GOLDEN GREGORY LLP  
*Attorneys for Trustee*

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**Order reviewed and approved by:**

C.L. SCARVER & ASSOCIATES, LLC  
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**Identification of parties to be served:**

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Cathy L. Scarver, P. O. Box 672587, Marietta, GA 30006

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